UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/1999/41
27 August 1999

ORIGINAL: ENGLISH

Third regular session
13-17 September 1999, New York
Item 5 of the provisional agenda
UNOPS

FINANCIAL BUDGETARY AND ADMINISTRATIVE MATTERS

UNOPS BUDGET ESTIMATES FOR THE BIENNIUM 2000-2001

Revised budget estimates for the biennium 1998-1999 and budget estimates for the biennium 2000-2001

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) has considered the report of the Executive Director of the United Nations Office for Project Services (UNOPS) on the revised budget estimates for the biennium 1998-1999 and budget estimates for the biennium 2000-2001 (DP/1999/39). In addition, the Committee had before it the report of the Executive Director on the level of the operational reserve (DP/1999/40) and UNOPS interim financial statements for the year ended 31 December 1998. During its consideration of these items, the Committee met with representatives of the Executive Director, who provided additional information.

2. The Advisory Committee notes from paragraph 3 of the report (DP/1999/40) and the interim financial statements for the year ended 31 December 1998 that UNOPS brought the level of its operational reserve from $17.6 million at 31 December 1997 to $19.9 million at 31 December 1998, which is the approved level of 4 per cent of the combined expenditure on administrative and project budgets of the prior year ($499.7 million) in accordance with Executive Board decision 97/21 of 18 September 1997.

3. As indicated in paragraph 4 of the budget report, in accordance with its authorized financial model, the revised estimates for the biennium 1998-1999 and the estimates for the biennium 2000-2001 are based on the expectation that UNOPS will continue to operate in accordance with the self-financing principle for

recurring expenditures. UNOPS will cover its extraordinary non-recurring expenditures from drawdowns from its operational reserve if income generated during 1999 or the biennium 2000-2001 is insufficient.

4. The Committee notes that for the reasons explained in paragraphs 14 and 25 to 28 of document DP/1999/39, the Executive Director expects to draw down $9.5 million in 1999 and $1.5 million in 2000 from the operational reserve to cover extraordinary, non-recurrent expenditures related to the relocation of its headquarters offices, the implementation of the integrated management information system (IMIS), and the achievement of the year-2000 compliance (see also DP/1999/39, table 1). UNOPS would, however, restore its operational reserve to the prescribed level during the biennium 2002-2003. The Executive Director proposes to submit a detailed report on the appropriateness of the level of the operational reserve at the third regular session of 2001 (see DP/1999/40, paras. 2-4). The Committee was provided with a graph showing the foreseen changes in the level of the reserve (see annex I below).

Revised administrative budget for the biennium 1998-1999

5. As indicated in paragraph 5 of the budget report, UNOPS has submitted its revised estimates for the biennium 1998-1999 on the basis of actual project delivery and income performance in 1998 and projections for 1999. For the biennium 1998-1999 total project delivery is estimated at $1,087.8 million - $537.8 million of actual project delivery in 1998 and $550 million projected project delivery for 1999. The revised income projection for the biennium 1998-1999 amounts to $101.1 million - $50 million of actual income in 1998 and $51.1 million projected for 1999; and comprises $86.4 million from project implementation, $9.7 million from services and $5 million from other sources (see DP/1999/39, paras. 8-12 and table 1).

6. The revised budget for UNOPS administrative expenditures for the biennium 1998-1999 amounts to $102.6 million - $42 million of actual expenditure in 1998 and $60.6 million projected for 1999. The revised estimates for 1998-1999 increase by $1.6 million, or 1.6 per cent, as compared with the approved budget of $101 million for the biennium 1998-1999 (DP/1999/39, para. 13 and table 1). Table 2 of the report shows the corresponding changes by object-of-expenditure categories in the revised estimates for 1998-1999.

7. The revised budget for the biennium 1998-1999 of $102.6 million reflects the distinction between recurring and non-recurring expenditure established in Executive Board decision 98/20 of 21 September 1998. For 1998-1999, the Executive Director proposes a decrease from $89.6 million to $88.5 million for recurrent activities and an increase from $11.4 million to $14 million for extraordinary, non-recurring activities (DP/1999/39, table 1).

8. The Advisory Committee notes from paragraphs 19 and 20 and table 3 of the budget report that the Executive Director proposes to establish 36 additional posts (1 D-1 and 35 at the P-5 level and below), increasing the number of established posts from 345 to 381 for the biennium 1998-1999. The proposal includes the establishment of a new Division for Special Programmes Development to be headed by the new D-1 level post. The Committee has no objection.

9. The Committee invites the Executive Director, in establishing management capacity for UNOPS, to have recourse to broad-based expertise consistent with the needs of the office.

10. To complete the planned decentralization of the UNOPS Division for IFAD Programmes, the Executive Director proposes the relocation of two additional Professional and two General Service posts to the UNOPS Rome Office and the relocation of one Professional post to the UNOPS Geneva Office to deal with the portfolio of projects for Western Asia, Arab States and Europe (DP/1999/39, paras. 21-22). The Advisory Committee has no objection. The Committee was provided with a table indicating the distribution of posts by region (see annex II below).

Administrative budget for the biennium 2000-2001

11. As shown in table 1 of the budget report, for the biennium 2000-2001 total project delivery is projected at $1,300 million - $620 million for 2000 and $680 million for 2001. The revised income projection for the biennium 2000-2001 amounts to $116.5 million - $55.9 million for 2000 and $60.6 million for 2001; and comprises $101.3 million from project implementation, $11.2 million from services and $4 million from other sources. The Advisory Committee notes from paragraph 30 of the budget report that the projected increases in project delivery take into account UNOPS recovering from disruptions caused by the office relocation and the introduction of IMIS during the biennium 1998-1999, as well as the potential negative impact of Y2K-related disruptions.

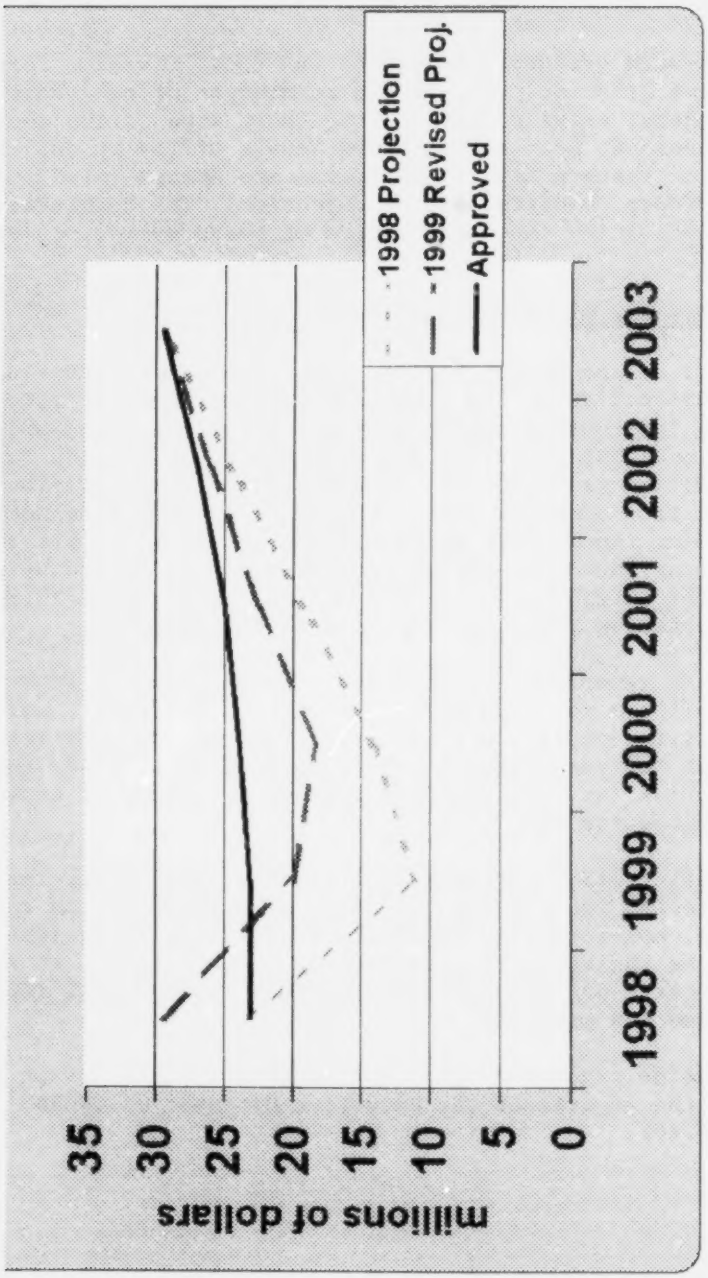
12. UNOPS administrative expenditure projection for the biennium 2000-2001 is $113.8 million ($57.4 million for 2000 and $56.4 million for 2001), reflecting an increase of $11.2 million or 10.9 per cent, as compared with the revised budget of $102.6 million for the biennium 1998-1999 (see DP/1999/39, table 1). Table 2 of the report shows the corresponding changes by object-of-expenditure categories in the estimates for 2000-2001.

13. The projected administrative expenditure of $113.8 million for the biennium 2000-2001 reflects projected recurrent expenditure of $110.9 million and projected extraordinary, non-recurring expenditure of $2.9 million (see DP/1999/39, table 1). As indicated in paragraph 31 of the report, it is expected that extraordinary, non-recurrent expenditure in 2000 will include only those related to IMIS and Y2K projects.

14. The Advisory Committee recommends that the Executive Board accept the proposals contained in the reports of the Executive Director of UNOPS (DP/1999/39 and DP/1999/40).

Annex I

Level of the UNOPS operating reserve



Annex II

Distribution of posts by region

	Number of posts	Approx. percentage
Asia[a]	54	14
Africa[b]	37	10
Latin America[c]	13	4
Europe[d]	47	12
USA[e]	230	60
Total	**381**	**100**

[a] Kuala Lumpur Office and Japan.

[b] Abidjan Office; Rehabilitation and Social Sustainability/Kenya; IFAD/Kenya.

[c] Latin America and Caribbean/Ecuador; Rehabilitation and Social Sustainability/El Salvador; Rehabilitation and Social Sustainability/Guatemala.

[d] Geneva, Rome, and Copenhagen Office.

[e] Headquarters/New York.